

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Report on Affiliated Organizations  
**Date:** December 4, 2000

**Recommended Action:**

Receive the reports on the following affiliated organizations:

The University of Iowa

- SUI Alumni Association
- SUI Facilities Corporation
- SUI Foundation
- SUI Oakdale Research Park
- SUI Research Foundation
- SUI Student Publications, Inc.

Iowa State University

- ISU Agricultural Foundation
- ISU Alumni Association
- ISU Foundation
- ISU Iowa 4-H Foundation
- ISU Memorial Union
- ISU Press
- ISU Research Foundation

University of Northern Iowa

- UNI Alumni Association
- UNI Foundation
- UNI Research Foundation
- UNI Properties Corporation

**Executive Summary:**

The Board of Regents Strategic Plan identifies the following four key result areas: quality, access, diversity, and accountability. There are 21 identified organizations affiliated with the Regent institutions that support aspects of all of these key result areas. For example, these affiliated organizations provide financial resources for students, programs, facilities, and research; extend outreach services; enrich campus experiences; and comprise a wide variety of special activities and interests.

As required by Board policy, each of these organizations provides an annual report to the Board for docketing within six months following the end of its fiscal year. These reports are presented to the Board periodically throughout the year. However, any irregularities or significant issues identified by auditors would be brought to the Board's attention immediately.

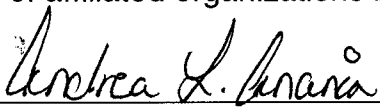
The 17 Regent affiliated organizations listed above have fiscal years ending June 30. There are six reports affiliated with the University of Iowa, seven reports affiliated with Iowa State University, and four with the University of Northern Iowa. The annual reports, financial data, and audits for the organizations are summarized in attachments A-C in this report. The independent auditors reported that the financial statements of the affiliated organizations for the fiscal year ended June 30, 2000, were presented fairly in all material respects. Copies of detailed information concerning these reports are retained at the Board Office.


The ISU Press merged with Blackwell Sciences Ltd. on August 31, 2000. As part of the transaction, the University received \$2.2 million dollars to be used in an endowment to support scholarly publishing activities at Iowa State University. The endowment is expected to make approximately \$110,000 available annually to support publication efforts of faculty, staff, and others. No further reports will be presented to the Board on this organization.

**Background:**

Pursuant to Iowa Code §262.9, the Board of Regents may authorize nonprofit foundations acting solely for the support of institutions governed by the Board to accept and administer trusts deemed by the Board to be beneficial for its institutions. The Regent Procedural Guide §1.10 requires that these affiliated organizations submit reports of their activities at least annually to the Board. The Procedural Guide also details Board of Regent memberships on certain boards of directors for affiliated organizations.

On an annual basis, 21 affiliated organization reports are presented to the Board. Seven are affiliated with the University of Iowa, nine with Iowa State University, three with the University of Northern Iowa, and one with the Iowa School for the Deaf. Each university has an alumni association, a university foundation, and a research foundation. The other affiliated organizations focus on more specific areas that tie with the institution's mission (i.e. Oakdale Research Park Corporation at SUI and Agricultural Foundation and Iowa 4-H Foundation at ISU). Table 1 of this docket memorandum has a comprehensive list of affiliated organizations by institution.

  
Andrea L. Anania

Approved:   
Frank J. Stork

**TABLE 1**

**Comprehensive Listing of Organizations  
Affiliated with Regent Institutions**

	<b>Fiscal Year <u>End</u></b>	<b>Docket <u>Month</u></b>
<b>University of Iowa</b>		
Alumni Association	June 30	December
Facilities Corporation	June 30	December
Foundation	June 30	December
Iowa Measurement Research Foundation	September 30	March
Oakdale Research Park Corporation	June 30	December
Research Foundation	June 30	December
Student Publications, Inc.	June 30	December
<b>Iowa State University</b>		
Agricultural Foundation	June 30	December
Alumni Association	June 30	December
Committee for Agricultural Development	December 31	June
Foundation	June 30	December
Iowa 4-H Foundation	June 30	December
Memorial Union	June 30	December
Press	June 30	December
Research Foundation	June 30	December
Stanton Memorial Carillon Foundation	March 31	September
<b>University of Northern Iowa</b>		
Alumni Association	June 30	December
Foundation	June 30	December
Research Foundation	June 30	December
Properties Corporation	June 30	December
<b>Iowa School for the Deaf</b>		
Foundation	December 31	June

**ATTACHMENT A  
UNIVERSITY OF IOWA**

The **SUI Foundation**, governed by a Board of Directors, was organized in 1956 to solicit, receive, and administer gifts for the sole benefit of research and education at the University of Iowa. The Association, a separate nonprofit organization, is located in the privately financed Levitt Center for University Advancement on the University's campus.

The Foundation began a six-year University-wide comprehensive campaign on January 1, 1999, to raise \$750 million. A public kickoff and announcement is scheduled for spring 2002. The objectives of the campaign coincide with those of the University and include enhancement of the undergraduate experience; graduate and professional programs of distinction; distinguished research; scholarship and artistic creation; interdisciplinary interaction; and enrichment of the campus environment.

Effective July 1, 1999, the Foundation changed its method of accounting for contributions raised and assets held on behalf of SUI, with which it is financially interrelated. This change more clearly identifies the restriction of assets in the financial statements for the benefit of the University of Iowa. This format in the financial statements is now consistent with the financial statements of the ISU and UNI foundations. The June 30, 1999, financial statements were retroactively restated.

The audited financial statements report net pledges receivable of \$37.5 million, of which \$14.8 million is to be collected within the next year. The FY 2000 audit reports Foundation investments of \$554.5 million, a 9.7% increase over the FY 1999 investment balance. The increase is mainly attributed to interests in limited partnerships. For the year ended June 30, 2000, combined support and revenues were \$92.0 million and expenditures and deductions on behalf of SUI were \$15.1 million, for an increase in net assets of \$45.1 million.

In addition to raising private gifts, the Foundation manages net assets on behalf of the University which totaled nearly \$528.4 million as of June 30, 2000, a 9.3% increase over the restated FY 1999 balance. This increase was partly attributed to investment gain.

The **SUI Alumni Association**, founded in 1867, is a nonprofit membership organization dedicated to advancing the cause of education, promoting and strengthening the University, and providing a comprehensive offering of programs, services, communications, and benefits to its members. The Association, governed by a 35 volunteer member Board of Directors, currently has over 52,000 members, which accounts for approximately 26% of the University's living alumni.

The Association provides alumni recordkeeping services to the University in exchange for financial support covering the salaries and related benefits of certain personnel and other costs associated with the recordkeeping. The financial support totaled \$415,171 for FY 2000, as compared to \$414,566 for FY 1999.

The Alumni Association has received three national awards having been selected as the best in the country in the following programs:

- Best Alumni Association Website (1999)
- Best Career Services program with the Regents Job Fair (2000)
- Best Student program with S.T.A.T., the Students Today, Alumni Tomorrow, student membership program (2000)

The Association's investments consist solely of a pooled fund invested with the University of Iowa Foundation's long-term investment pool. As of June 30, 2000, the fair market value of the investments totaled \$6.6 million, which is 102.5% more than the reported \$3.3 million in FY 1999. This increase is primarily attributable to the cash collection of \$3.0 in royalties from a credit card agreement.

The financial audit reported revenue of \$3.0 million and expenses of \$2.7 million, giving the Association a net gain of \$349,378 before taxes on income, a 15.5% increase over FY 1999. The June 30, 2000, net assets of \$4.3 million represent an 8.7% increase over FY 1999.

The **SUI Facilities Corporation** was incorporated in 1967 as a supporting organization for the University of Iowa Foundation to assist with the scientific and educational purposes of the University by maintaining, developing, increasing, and extending the facilities and services of the University. The Corporation is governed by a Board of Directors elected by the Board of the SUI Foundation and acquires and holds property for the benefit and use of the University.

The Facilities Corporation's Executive Committee approved the resolution for bonding for the Medical Education and Biomedical Research Facility project during FY 2000. They also discussed the possibility of having the UI Facilities Corporation play a role in the financing plan for the Career Services Center and the Honors Center projects, although this has not yet been brought to the Board of Regents.

The audit for FY 2000 reports net property value at \$400,659, as compared to \$414,896 in FY 1999. Rental income for the year ended June 30, 2000, was \$173,546, while operating expenses were \$124,788. Equity on June 30, 2000, was \$814,505 representing a 7.0% increase over FY 1999.

The **SUI Research Foundation** was established in 1975 as a nonprofit organization to manage inventions and intellectual property created at the University. The Foundation selectively obtains patents and copyright protection for University inventions and discoveries, as well as licenses to businesses and industry to transfer the results of University research for public use and generate income for education and research.

Royalty receipts, after deducting the related patent acquisition costs, are generally allocated with 25% paid to each of the following: the inventor, the inventor's department of the University, the Office of Vice President of Research, and the Foundation.

Activities during FY 2000 include the following:

- The Foundation received 84 invention disclosures from University faculty and staff. The previous year was 79.
- The Foundation filed 83 patent applications - equaling last year's record.
- The Foundation received a record 37 issued patents, exceeding the previous record of 32 in FY 1999.
- The Foundation executed a record 27 options/licenses.

The financial audit for FY 2000 reported \$6.6 million in revenue, which exceeded the expenses by \$743,031. The Foundation received \$0.6 million from the University for financial support for compensation, patent acquisitions, and other expenses. The equity balance on June 30, 2000, was \$1.1 million, a 230.7% increase over FY 1999. Increased royalties and the net appreciation in the fair value of investments primarily account for this increase.

**Student Publications, Inc.** is an educational nonprofit corporation that runs and manages *The Daily Iowan*. The Student Publications, Inc. Board of Trustees consists of three alumni of the University and *The Daily Iowan* newsroom, three faculty members, two staff members, and six students.

*The Daily Iowan* is published 200 times a year, employs 75 students, 15 full-time employees, and 150 newspaper carriers, and gives three full in-state tuition scholarships annually. The goals of the newspaper are to train journalists and provide a newspaper for the University of Iowa community. Last year, *The Daily Iowan* published over 3,500 pages and placed over 20 students in full time media work after graduation.

*The Daily Iowan* is currently working on a five-year goal plan, which includes planning for the move into the new School of Journalism in three to five years.

For the fiscal year ended June 30, 2000, the newspaper's revenue of \$2.3 million exceeded operating expenses and scholarships by \$0.3 million. The June 30, 2000, net assets of \$1.5 million represent a 23.3% increase over the previous fiscal year.

The **SUI Oakdale Research Park Corporation** is a nonprofit organization established in 1989 to build a nucleus of businesses in Iowa to increase the academic vitality of the University and to assist and promote academic research and cooperation between the University and businesses.

The Park offers leased building sites and space to businesses engaged in basic and developmental research, product development, and light manufacturing linked to research and development activities. The Park emphasizes pharmaceuticals, industrial biotechnology, health and medical sciences, and computer simulation of complex systems.

The Oakdale Research Park received a FY 2000 operating appropriation of \$238,578 from the State of Iowa and rent income of \$64,191. The audit for FY 2000 reports revenue exceeded expenses by \$15,932. The equity balance of \$505,729 on June 30, 2000, represents a 3.3% increase over the previous fiscal year.

## **ATTACHMENT B IOWA STATE UNIVERSITY**

The **ISU Foundation** was incorporated in 1968. It is organized and operated exclusively for educational and scientific purposes to secure and manage private gifts that benefit Iowa State University.

The ISU Foundation exceeded every goal in FY 2000: Campaign Destiny raised \$458 million, its goal was \$425 million; commitments were \$191 million, the target was \$150 million; receipts totaled \$130 million, the goal was \$125 million; assets were \$471 million, the target was \$430 million; and the endowment reached \$334 million, its goal was \$300 million.

During FY 2000, 54,083 contributors made gifts and commitments to the Foundation totaling \$191.6 million. For the fourth year in a row, private gifts to the Foundation exceeded \$100 million. The eighth largest gift to an American public university was announced at the beginning of FY 2000. The year ended with completion of the largest fund-raising campaign in Iowa State History.

As of June 30, 2000, the Foundation had investments of \$413.0 million, a 58.2% increase over the previous fiscal year. The Foundation audit for FY 2000 reports total revenue of \$123.1 million, which includes an allocation from the University of \$1.2 million and expenses of \$47.5 million, resulting in revenues over expenses of \$75.5 million. The June 30, 2000, combined net assets of \$433.4 million represent a 21.1% increase over the June 30, 1999, combined net assets of \$357.9 million.

The **ISU Agricultural Foundation**, governed by a Board of Trustees, was established in 1937 and is celebrating its 63<sup>rd</sup> year of operation in the fall of 2000. The mission of the Foundation is to devote a majority of its resources to helping young families make a successful entry into farming and to provide the necessary tools to insure their long-term stability.

During FY 2000, the Foundation contributed \$68,845 in scholarships to 116 students. Additionally, three grants were awarded to agriculture development initiatives in the state totaling \$47,600.

Foundation funds are invested through the ISU Foundation under an agreement between the two organizations. The Agricultural Foundation's investment income of \$299,317 is from its prorated share of the pool's investment return. The Foundation has a record percentage of assets invested. Foundation equity on June 30, 2000, was \$3.4 million compared to \$3.1 million on June 30, 1999, a 6.75% increase.



The **ISU Alumni Association**, established in 1932, provides a wide range of services and activities for Iowa State University alumni and friends to provide a lifetime link to the University. The Association, governed by a Board of Directors consisting of 18 elected members and 10 ex-officio members, reports current membership of 41,661 including 20,413 life members and 2,900 student members. The Association developed a new strategic plan in 1997 with the goals of helping ISU become the best land-grant University in the nation. The goals of this plan have been achieved and the association is developing a new strategic plan to begin in 2001.

All Association programs and events are planned to increase public awareness and understanding of the University and encourage alumni involvement including such activities as career services, honors and awards, a mentoring program, a student alumni association, class reunions, and publications.

In May 1998, the Board of Directors voted to mail VISIONS, the Alumni Association's magazine, to all alumni, donors, parents, ISU faculty and staff, the Extension Council, selected Iowa legislators, and Iowa high schools and community colleges. FY 2000 was the second year for distribution and approximately 171,000 households received the magazine.

Investments of \$6.6 million are managed by the ISU Foundation. The FY 2000 audit reports revenues of \$2.6 million and expenses of \$2.4 million. Reported revenues included an allocation of \$164,868 to the Association from Iowa State University to cover certain payroll and operating expenses incurred by the Association for operation and maintenance of an alumni records system. The June 30, 2000, net assets of \$2.7 million represent a minimal increase over the prior year's amount.

The **Iowa 4-H Foundation at ISU**, founded in 1949, celebrated its 50<sup>th</sup> year of existence throughout the year. The 4-H Foundation is a non-profit organization that works in partnership with ISU Extension 4-H Youth Programs, as well as the National 4-H Council and the ISU Foundation. The Foundation's purpose is to assist Iowa's youth in becoming productive, self-directed, contributing members of society. The Foundation provides financial assistance for 4-H and youth programs, as well as projects for which tax monies are insufficient or ineligible.

The Langwood 4-H Reserve at Grandview was sold to the Louisa County Conservation Board in June of 2000. The Conservation Board had been managing the property for 12 years. Proceeds of the sale were invested for the benefit of the 4-H program in the original Davenport Extension Area.

Foundation recognition opportunities continue to expand, including 67 college scholarships to former 4-H'ers, of which 43 were awarded to students attending Regent universities.

Iowa 4-H Foundation investments, which are invested as a pool of assets with funds from ISU, had a market value of \$2.6 million as of June 30, 2000. Revenues for FY 2000 totaled \$1.3 million, while expenses totaled \$940,644. The net assets as of June 30, 2000, totaled \$4.0 million, as compared to \$3.7 million in FY 1999.

The **ISU Memorial Union** was incorporated in 1922 as one of the first 100 unions in the United States. It is a nonprofit corporation, governed by a Board of Directors, that operates on land deeded by the State of Iowa. The primary mission of the Union is to function as a "University Community Center," providing services and amenities, enhancing the educational process; and providing social, recreational, and development activities for students, faculty, staff, and alumni of Iowa State University.

No state-appropriated funds were used in the construction of the building, nor are any used in the operation of the facility. An amount of \$27.24 per student per semester has been allocated to the Union from student fee income for operations, debt service, and programming by the Student Union Board.

On an average day during the past year, approximately 18,900 persons used the Union facilities. The Union scheduled 13,365 various meetings, events, and activities serving 670,781 patrons throughout the year. The Student Union Board in conjunction with the Program Department sponsored 360 programs serving 177,400 students, faculty, and staff.

Outstanding obligations (notes payable) for FY 2000 were \$5.6 million, as compared to \$6.0 million in FY 1999. The FY 2000 audit report indicates combined revenues (operating fund, capital fund, and endowment fund) of \$7.3 million from operations, interest, contributions, and other income, and \$1.5 million from the allocation of student fees. Combined expenses totaled \$9.1 million, which resulted in a net operating loss of \$272,346, as compared to a net operating income of \$36,434 in FY 1999. Total net assets (operating, capital and endowment) on June 30, 2000, were \$7.3 million as compared to the June 30, 1999, net assets of \$7.6 million.

The financial statements do not reflect the refinancing approved by the Board of Regents at the October 2000 meeting authorizing the ISU Memorial Union to issue and sell its \$4,890,000 First Mortgage Notes (Series 2000) for the purpose of fully refunding the principal amounts of its \$6,815,000 Promissory Note (dated November 1, 1995), its \$30,500 Unsecured Note (dated June 1, 1999), its \$25,000 Unsecured Note (dated August 25, 1999), and paying costs of issuance.

The **ISU Press** was founded in 1934 and incorporated in 1941 as an educational and scholarly publisher of academic books. The book publishing program was internationally recognized for its contributions to agriculture, aviation, journalism, Iowa history, and veterinary medicine.

After an extensive review of the Press' operations, the future of the publishing business, and the general status of university affiliate presses nationally, the ISU Press merged with Blackwell Sciences Ltd. on August 31, 2000.

Blackwell Sciences is an internationally recognized scientific and technical publisher. It is the largest publisher for academic and professional societies in the world. As part of the transaction, the University received \$2.2 million dollars to be used in an endowment to support scholarly publishing activities at Iowa State University. The endowment is expected to make approximately \$110,000 available annually to support publication efforts of faculty, staff, and others.

This merged organization is not now affiliated with ISU. No further reports will be made to the Board on this entity.

The **ISU Research Foundation (ISURF)** is a nonprofit corporation organized in 1938 to provide a way of obtaining and promoting patents, copyrights, trademarks, and licenses for intellectual property developed by faculty, staff, and students at the university. The legal ownership and management of ISU's intellectual property are functions of the ISU Research Foundation.

The ISU Office of Intellectual Property and Technology Transfer (OIPTT), which works with the Research Foundation, solicits inventions from ISU's faculty, staff, and students to facilitate the technology transfer and licensing process. OIPTT markets ISU technologies to industry, seeks patent protection where appropriate, and provides educational services related to intellectual property issues to faculty, staff, and students.

In FY 2000, 41 patents were issued, 219 license and option agreements were executed, 55 patent applications were filed, and 47 provisional patent applications were submitted. The ISURF portfolio currently contains 462 active disclosures, 136 patent applications in process, 339 active patents, and 874 active license and option agreements.

In FY 2000, ISURF disbursed \$439,658 to 120 individual inventors and \$454,670 to five of the University's colleges from patent royalties received through licenses. Disbursement of research funds directly leveraged as a condition of licenses and options for FY 2000 totaled \$358,321. In addition, ISURF provided over \$1,000,000 in grants to the University, primarily for research.

For the fiscal year ended June 30, 2000, revenues of \$5.4 million exceeded expenditures of \$4.1 million. The June 30, 2000, net assets of \$22.6 million represent an increase of \$1.3 million (6.3%) from the net assets on June 30, 1999.

## **ATTACHMENT C**

### **UNIVERSITY OF NORTHERN IOWA**

The **UNI Foundation** was formed in 1959 to assist the University in projects that are vital to its growth and development, but are most appropriately financed from private funds. The Foundation is the official channel through which gifts may be given for the benefit of the University of Northern Iowa and is governed by a 30 member Board of Trustees with representation throughout the United States. The Foundation has established two additional nonprofit entities: the UNI Properties Corporation and the UNI Research Foundation (see separate summaries below.)

The Students First Scholarship Campaign exceeded its \$10 million dollar goal and generated over \$14 million dollars. In April of 2000, the UNI Foundation Board of Trustees approved Phase II of the Students First Campaign. This \$75 million dollar campaign includes an additional scholarship component as well as academic program support and facilities.

The UNI Foundation broke ground in June of 2000 for McElroy Hall, which will be the home of the Freeburg Early Childhood Program. This collaborative effort between UNI, the Waterloo Public Schools and Allen College will be a national demonstration site for best practices in early developmental education. The school, which will serve students from ages 3 - 6, is scheduled to open in the Fall of 2001.

The submitted audit report includes combined financial statements for the University of Northern Iowa Foundation, the University of Northern Iowa Properties Corporation, and the University of Northern Iowa Research Foundation. However, amounts associated with each entity are not disclosed.

For the fiscal year ended June 30, 2000, revenues of \$17.1 million exceeded expenditures of \$14.3 million. Included in the expenses is \$10.3 million for the Gallagher-Bluedorn Performing Arts Center that was completed during FY 2000. Revenues of \$10.3 million represented contributions from individuals, corporations, and foundations, while \$6.1 million was received from investment income. The June 30, 2000, combined net assets of \$56.4 million were \$2.8 million higher than the June 30, 1999, amount.

The **UNI Alumni Association** was organized in 1879 to promote the interests of the alumni of the Iowa State Normal School. In 1972, it was incorporated under the name University of Northern Iowa Alumni Association. The Association's primary function is to advance the cause of education and promote the welfare of the University of Northern Iowa, its faculty, graduates, students, and former students.

The UNI Alumni Association assists the University with financial support for scholarships, facilities, and cultural activities for which state funds are not available and conducts programs to strengthen the University. The Alumni Association is governed by a 28 member Board of Directors, who also serve on committees pertinent to the operations of the Association.

The Alumni Association coordinates charter clubs and alumni receptions, reunions, and the Heritage Honors Program. It also sponsors the Student Alumni Ambassadors, assists the University in maintaining a continuing relationship with their students following graduation, and is an active participant in Community Visitation Days, showcasing the university and its programs to cities around the state.

The FY 2000 audit report indicates total revenues of \$153,333 and total expenses of \$203,703. The net assets were \$884,766 on June 30, 2000, a decrease of \$50,370 from the June 30, 1999, amount.

The **UNI Research Foundation**, a subcorporation of the UNI Foundation, was founded in 1997 exclusively for charitable, scientific, and educational purposes. The Research Foundation, governed by a 12 member Board of Trustees, authorizes monies for the research and development of prospective patents and other intellectual properties. The Research Foundation works in conjunction with the University of Northern Iowa Intellectual Property Committee.

The purposes of the Research Foundation are as follows:

- To advance, develop, increase, and extend the progress of science and useful arts through encouraging and assisting investigation, research, and education at the University of Northern Iowa.
- To receive by gift, grant, devise or bequest, and to acquire by purchase, lease, exchange or otherwise, property, both real and personal.
- To make contributions, grants, gifts and transfers of property, both real and personal, for the benefit of the University of Northern Iowa.

This is the second time that the UNI Research Foundation has reported to the Board. The Research Foundation has assets of \$105,034. Recently, the UNI Foundation had several patents, trade secrets, and licensing agreements transferred to the UNI Research Foundation.

Financial statements for the Research Foundation are included in the UNI Foundation audit report.

The **UNI Properties Corporation**, a subcorporation of the UNI Foundation, was established in 1997 to receive real estate contributions made to UNI, with the intention to be re-sold. The Corporation was structured as a 501c(3) corporation during FY 2000.

The Properties Corporation holds title to real estate and collects income only during the time between receipt and sale of the real estate. Proceeds from the sale of real estate are distributed to the UNI Foundation according to donor specifications. During FY 2000, the Corporation received one piece of property on behalf of the University.

Financial statements for the Properties Corporation are included in the UNI Foundation audit report.